



NEWS RELEASE

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FOR IMMEDIATE RELEASE

FLORIDA WOMAN PLEADS GUILTY IN MULTI-MILLION DOLLAR LIPITOR SMUGGLING, COUNTERFEITING CONSPIRACY

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a Florida woman pleaded guilty in federal court today to participating in a multi-million dollar conspiracy to sell counterfeit and illegally imported Lipitor, a prescription drug widely used to reduce cholesterol.

Maria Eugenia Medina Milgrom, 49, of Miami, Fla., waived her right to a grand jury and pleaded guilty before U.S. District Judge Ortrie D. Smith this morning to a federal information that charges her with conspiring to sell counterfeit and illegally imported drugs. **Milgrom** owns and operates Farma International, a Miami company that sells pharmaceutical excipients (the inert chemicals used in pharmaceutical drugs), laboratory equipment, and reference materials to companies operating in Central and South America.

In separate but related cases, **Julio Cesar Cruz**, 42, of Miami, Fla., a naturalized U.S. citizen from Cuba, and **Domingo Gonzalez**, 42, of Hialeah, Fla., have each pleaded guilty to their roles in the conspiracy.

Milgrom, along with **Gonzalez** and **Cruz**, admitted to participating in a two-pronged conspiracy that lasted from February 2002 to April 2003. First, Graves explained, co-conspirators purchased genuine Lipitor intended for distribution in South America and illegally imported it into the United States. Second, co-conspirators also bought and shipped equipment and chemicals to Costa Rica and Honduras to manufacture counterfeit Lipitor, which they then illegally imported into the United States. Co-conspirators commingled the illegally imported Lipitor with the counterfeit Lipitor, Graves added, and sold it in the United States.

By pleading guilty today, Graves said, **Milgrom** also agreed to forfeit to the government \$100,000, which represents the proceeds from her criminal activities, within the next 60 days.

Members of the conspiracy caused genuine Lipitor tablets not intended for sale in the United States to be illegally imported by, among other things, making false and fraudulent representations to the U.S. Customs Service. According to the federal information, members of the conspiracy purchased \$8.3 million worth of genuine Lipitor manufactured for distribution in a South American country, with the intent to illegally import the South American Lipitor into the United States. The purchases of those illegally diverted drugs were made through Pharma Medical, Lighthouse Investments, and an unnamed import and export company.

Milgrom admitted that she sold the excipients needed to manufacture counterfeit drugs, such as Lipitor, Bextra, Zocor, Plavix and Viagra, to other members of the conspiracy. She also referred other members of the conspiracy to her husband, Michael Milgrom, who sold the active ingredients needed to manufacture Lipitor and other pharmaceutical drugs to members of the conspiracy. Michael Milgrom owns and operates Medilom, Inc., which sells the active ingredients for pharmaceutical drugs to companies operating in Central and South America.

Milgrom also admitted that she helped other members of the conspiracy obtain the punches, dies and other tooling needed to manufacture counterfeit drugs from a company in the St. Louis, Mo., area. Those materials were shipped to locations outside the United States – including Costa Rica and Honduras – for the purpose of setting up a drug manufacturing facility in a foreign country. Counterfeit Lipitor tablets were manufactured and smuggled into the United States.

Counterfeit drug labels were purchased from a company in the greater Miami, Fla., area, to be placed on bottles that contained the illegally imported and diverted tablets as well as bottles that contained the counterfeit tablets.

Members of the conspiracy then sold the counterfeit, illegally imported and diverted tablets to drug wholesalers in the United States. According to the federal information, Albers Medical Distributors, Inc., a Kansas City, Mo., firm, paid more than \$12.8 million to purchase the counterfeit, illegally imported and diverted tablets from members of the conspiracy.

According to the federal information, more than \$10.4 million in proceeds from the sale of the counterfeit, illegally imported and diverted Lipitor was deposited into a bank account held in the name of Pharma Medical at a bank in Tennessee between Nov. 18, 2002, and Feb. 4, 2003.

Under federal statutes, **Milgrom** could be subject to a sentence of up to five years in federal prison without parole, plus a fine up to \$250,000. A sentencing hearing will be scheduled after the completion of a presentence investigation by the United States Probation Office.

These cases are being prosecuted by Senior Litigation Counsel Gene Porter. It was investigated by the Office of Criminal Investigations, U.S. Food and Drug Administration.

This news release, as well as additional information about the office of the United States

Attorney for the Western District of Missouri, is available on-line at
www.usdoj.gov/usao/mow